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Delaware Treasury to deposit more funds in Delaware banks
Deposits would be made into FDIC-insured savings accounts or CDs

DOVER—Delaware State Treasurer Chip Flowers Jr. today signed a directive that aims to increase the number of Delaware banks holding state deposits. Under the directive, a significant number of newly qualified Delaware banks would be eligible to receive state funds totaling \$5 million to \$10 million.

The directive, which follows the guidelines of the state's Cash Management Policy, calls for depositing up to \$250,000 in any qualified FDIC-insured Delaware bank that has an active banking presence in the state, Flowers said. The funds would be deposited in savings accounts or certificates of deposit that are paying a rate of return equal to or higher than the rate the state is currently receiving on similar deposits, he said.

Flowers estimated that 15 to 20 Delaware banks in all three counties could participate in the program. A total of \$5 million to \$10 million would be transferred into those banks under the initiative.

"Putting Delaware's money in Delaware banks benefits the state in several ways," Flowers said.

By spreading deposits over a large number of banks, the plan increases the diversification of state funds, and therefore increases their safety, Flowers said. By making deposits in federally insured savings accounts or CDs, the state will increase its revenue without putting any of its funds at additional risk, he said.

More importantly for Delaware residents and businesses, Flowers said, placing money in Delaware banks will make more funds available for Delawareans who seek loans to improve their lives, including helping Delaware families purchase a home, buy a car or assist in other expenses or provide small businesses with money to expand their operations.

"We are beginning this program with modest deposits, but I believe that our state should show its support for those financial institutions that have chosen to locate in Delaware and that are making an effort to help Delawareans achieve financial security in their personal and business lives," Flowers said.

“Not only will the Delaware State Treasury continue to manage the state’s deposits prudently, it will also seek out safe and innovative opportunities to increase rates of return and improve the overall financial well-being of both the state government and all Delawareans,” Flowers said.

To assist in that effort, Flowers today named Fred C. Sears II as the head of a volunteer Treasury Advisory Council that will evaluate innovative financial ideas in a nonpartisan manner. Sears, of Wilmington, is president and CEO of the Delaware Community Foundation and former president of Commerce Bank/Delaware. Other members of the Advisory Council will be named by Sears and other Council members, Flowers said.

In addition to Sears, joining Flowers at the press conference today were Mr. Michael McFarland, Regional Vice President, TD Bank; Mr. Richard Welsh, Senior Vice President, Wells Fargo Bank; Ms. Jayne Armstrong, District Director, U.S. Small Business Administration; and Mr. Zafar Chaudhry, Director of the Office of Finance and Treasury Services.